

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-08 AID-05 TRSE-00 OMB-01 FRB-03

XMB-02 L-03 CIAE-00 INR-07 NSAE-00 CEA-01 COME-00

SS-15 NSC-05 PA-01 PRS-01 USIA-06 /069 W

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R 012145Z FEB 77

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 6436

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E.O. 11652: N/A

TAGS: EFIN, VE

SUBJECT: AGREEMENT REACHED ON \$1.2 BILLION LOAN

REF: CARACAS 232

1. AFTER THREE WEEKS OF NEGOTIATIONS, THE GOVERNMENT OF VENEZUELA AND A CONSORTIUM OF 18 INTERNATIONAL BANKS HAVE REACHED AGREEMENT ON THE TERMS OF A \$1.2 BILLION SYNDICATED EURODOLLAR LOAN. ACCORDING TO LOCAL US BANK REPRESENTATIVES, THE LOAN WILL BE FOR SEVEN YEARS, INCLUDING A TWO-YEAR GRACE PERIOD, AND CARRY AN INTEREST RATE OF 1 PERCENT OVER THE LONDON EURODOLLAR RATE. THE CONSORTIUM WILL ALSO RECEIVE A 3/8 PERCENT MANAGEMENT FEE.

2. A FORMAL ANNOUNCEMENT ON THE LOAN IS EXPECTED TO BE MADE WITHIN A FEW DAYS; IN THE MEANTIME WE HAVE BEEN ASKED NOT TO PUBLICIZE THE ABOVE INFORMATION (ALTHOUGH THE PRESS HAS BEEN PUBLISHING ACCURATE REPORTS FOR SEVERAL DAYS). THE FORMAL AGREEMENT SIGNING CEREMONY MAY BE DELAYED FOR SEVERAL WEEKS WHILE BANK MEMBERS OF THE CONSORTIUM MAKE ARRANGEMENTS TO SELL OFF PORTIONS

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F THE UNDERWRITEEN AMOUNT.

3. WE ARE TOLD THAT THE NEGOTIATIONS WERE DIFFICULT. THE CENTRAL BANK WAS DISAPPOINTED THAT IT RECEIVED ONLY ONE FULLY SYNDICATED BID. VENEZUELA WAS REPORTEDLY SEEKING AN INTEREST RATE OF 7/8 PERCENT OVER THE LONDON RATE AND

A LOWER MANAGEMENT FEE, BUT THE CONSORTIUM'S
ORIGINAL OFFER (THEY MADE THREE IN ALL) CARRIED
AN INTEREST RATE OF ONE AND ONE EIGHTH PERCENT

OVER IBOR.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOAN AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770287/aaaacyrj.tel
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Litigation Codes:
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Locator: TEXT ON-LINE, ON MICROFILM
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Subject: AGREEMENT REACHED ON \$1.2 BILLION LOAN
TAGS: EFIN, VE
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/7a6e08ce-c288-dd11-92da-001cc4696bcc
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